

Astral Foods' H1 profits slide as drought bites

By [Andries Mahlangu](#)

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Astral Foods (ARI) on Monday reported a slide in its first-half profit as the effect of the recent drought in the country took hold. Grain prices, notably maize, shot up in recent months as a result of hot and dry weather that delayed planting of the summer crops.



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Maize and soya are the primary ingredients in poultry feed.

The small-cap company's headline earnings for the six months to March fell 23% to R299m as its poultry division realised lower profits mainly due to drought-related increases in feed costs. Also dragging down profits in the poultry segment were weaker demand and the continued high level of European Union (EU) poultry imports, Astral said.

The smaller feed division fared better in the review period, with operating profit increasing from R186m to R233m, partly as a result of higher selling prices.

The interim dividend per share dropped 32% to 390c.

The company said higher maize and feed prices would continue until at least rainfall patterns normalised.

"Rand weakness will continue to negatively impact input costs on imports of poultry genetics, maize and soya," it said.

Source: BDpro

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